

DIRECT TESTIMONY OF

ROSE M. JACKSON

ON BEHALF OF

DOMINION ENERGY SOUTH CAROLINA, INC.

DOCKET NO. 2021-236-G

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Rose M. Jackson, and my business address is 220 Operation Way, Cayce, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am employed by Dominion Energy Services, Inc. ("DES") as Director of Gas Supply Services.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS BACKGROUND.

A. I graduated from the University of South Carolina in 1988 with a Bachelor of Science degree in Accounting. Following graduation, I worked for approximately three years as an accountant for a national security services firm. In 1992, I began my employment with SCANA Corporation as an accountant working directly for SCANA Energy Marketing, Inc. Over the years, I have held varying positions of increasing responsibility including Energy Services Coordinator, where I was responsible for scheduling gas for the Atlanta Gas Light System; project manager for the implementation of an automated gas management system; and Manager of Operations.

In May 2002, I became Manager of Operations and Gas Accounting with SCANA Services, now DES, where I was responsible for gas scheduling on interstate pipelines and gas accounting for all SCANA subsidiaries. In November 2003, I became Fuels Planning

1 Manager where I assisted all SCANA subsidiaries with strategic planning and special
2 projects associated with natural gas. I held this position until promoted to General Manager
3 – Supply & Asset Management in December 2005. On January 1, 2021, I became the
4 Director of Gas Supply Services for DES.

5 **Q. PLEASE DESCRIBE YOUR DUTIES RELATED TO NATURAL GAS**
6 **PROCUREMENT IN YOUR CURRENT POSITION.**

7 A. I am responsible for managing the group that supports the gas supply and capacity
8 management functions for Dominion Energy South Carolina, Inc., (“DESC” or
9 “Company”) and its affiliate, Public Service Company of North Carolina, Incorporated,
10 d/b/a Dominion Energy North Carolina. Our group’s specific responsibilities include
11 planning and procurement of gas supply and pipeline capacity, nominations and scheduling
12 related to natural gas transportation and storage services on interstate pipelines, gas cost
13 accounting, state and federal regulatory issues concerning supply and capacity, asset and
14 risk management, and gas transportation administration.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE**
16 **COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

17 A. Yes, I have testified before this Commission on several occasions.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. The purpose of my direct testimony is to provide an overview of the natural gas
3 purchasing process for DESC, to explain how Responsibly Sourced Gas (“RSG”) can
4 further diversify DESC’s current gas supply portfolio, and to discuss the information that
5 DESC has received from suppliers regarding RSG and renewable natural gas (“RNG”).

6 **Q. PLEASE PROVIDE AN OVERVIEW OF THE NATURAL GAS PURCHASING**
7 **PROCESS FOR DESC.**

8 A. The Gas Supply Department (“Department”) is responsible for natural gas
9 purchases to meet the needs of both the local distribution company and the electric
10 generation groups of DESC. The two groups within DESC share supply contracts and
11 interstate pipeline transportation capacity subject to the 2015 Memorandum of
12 Understanding approved by the Commission in Docket No. 2015-5-G.

13 **Q. PLEASE DESCRIBE THE COMPANY’S NATURAL GAS CONTRACTS.**

14 A. DESC has industry standard contracts with more than 60 suppliers that have proven
15 to be creditworthy and reliable. These contracts set forth many of the terms and conditions
16 of delivery. Price and quantity, however, are determined at the time of purchase.

17 **Q. PLEASE DESCRIBE THE AVAILABLE INTERSTATE PIPELINE**
18 **TRANSPORTATION OPTIONS.**

19 A. DESC purchases interstate pipeline transportation capacity on both a firm and
20 interruptible basis from the three (3) interstate pipelines that provide service to DESC—
21 Southern Natural Gas Company, Transcontinental Gas Pipe Line Corporation, and
22 Carolina Gas Transmission, LLC.

1 Interstate Firm Transportation (“FT”) service gives DESC access to interstate
2 pipeline transportation capacity on a priority basis. Interruptible Transportation (“IT”)
3 service is only available when FT customers, such as DESC, are not using their FT
4 capacity. IT service is not available when FT customers use their capacity. In summary,
5 FT and IT services use the same physical pipeline capacity, with FT service having priority.
6 DESC contracts for FT service from the three interstate pipelines serving South Carolina
7 to ensure delivery of natural gas during peak periods when all the transportation capacity
8 of these pipelines is used and when the demand for natural gas is typically greatest.

9 **Q. WHAT IS RSG?**

10 A. RSG is gas produced from and through existing natural gas well producing
11 facilities. A RSG supplier receives an independent third-party certification stating that the
12 facility meets certain methane and carbon dioxide emission monitoring and abatement
13 standards. In other words, the third-party certification informs natural gas purchasers that
14 the facility has voluntarily undertaken certain measures to reduce the carbon footprint of
15 its natural gas extraction process. RSG certification requires the producer to capture stray
16 methane and carbon dioxide emissions and utilizes strict monitoring to verify that methane
17 and carbon dioxide are not released into the atmosphere.

18 **Q. WOULD FURTHER DIVERSIFYING THE COMPANY’S GAS PURCHASING**
19 **PRACTICES TO INCLUDE RSG ASSIST THE COMPANY WITH REDUCTIONS**
20 **TO ITS EMISSIONS FOOTPRINT, WHICH RESULTS IN BENEFITS TO**
21 **CUSTOMERS?**

22 A. Yes, it would. The Company is working to refine the inventory of upstream
23 emissions by encouraging suppliers to disclose their own emissions data, share their

1 sustainability plans, and provide options for responsibly sourced natural gas. The
2 Company aspires to reduce emissions throughout its value chain. Sourcing RSG would
3 assist in accomplishing that goal.

4 Dominion Energy, Inc. (“DEI”) has set a corporate goal of preferencing upstream
5 partners who have sustainable or reduced carbon emission goals. By preferencing suppliers
6 with sustainability goals, DESC hopes to use a market-based approach to make RSG the
7 expectation not the exception in gas purchasing, thereby accelerating decarbonization
8 along the entire natural gas value chain.

9 **Q. WHAT ARE THE BENEFITS OF PURCHASING GAS FROM A RSG CERTIFIED**
10 **FACILITY?**

11 A. Purchasing gas from a RSG certified facility directly contributes to the reduction in
12 DESC’s upstream methane and carbon emissions (often referred to as Scope 3 emissions)
13 and will reduce methane and carbon dioxide emissions along all parts of the value chain
14 from the well head to the distribution system. Scope 3 emissions are generated by the
15 supplier side of DESC’s natural gas portfolio, i.e., emissions produced by the extraction,
16 processing, and transportation of traditionally sourced natural gas.

17 Also, DESC utilization of RSG for its generation needs will help meet several of
18 its voluntary environmental stewardship commitments, which include immediately
19 reducing the Company’s upstream fuel supply emissions. DESC’s potential purchase of
20 RSG provides an immediate path to achieve methane reductions for natural gas and
21 benefits to customers associated with those reductions.

1 **Q. WOULD THE COMPANY'S NATURAL GAS PURCHASING DECISIONS AND**
2 **CONTRACTS CHANGE IF THE COMPANY SOUGHT TO PURCHASE RSG?**

3 A. No, the process would remain the same as I described earlier in my testimony. My
4 Department would contract with creditworthy and reliable suppliers whose supply of
5 natural gas has been certified as RSG. Some of our existing suppliers currently have RSG
6 options available to the Company.

7 **Q. WOULD THE COMPANY REQUIRE ANY ADDITIONAL INTERSTATE**
8 **PIPELINE CAPACITY IN ORDER TO ACCOMMODATE RSG?**

9 A. No. RSG purchases would be transported on existing interstate pipeline capacity.

10 **Q. DOES DESC CURRENTLY PURCHASE ANY RSG?**

11 A. DESC has not purchased any RSG to date for system supply customers and is not
12 aware of any RSG that may have been delivered to transportation customers.

13 **Q. HAS DESC TAKEN ANY AFFIRMATIVE STEPS TOWARDS SOURCING RSG?**

14 A. Yes, as part of our annual supply Request for Proposals ("RFP") in 2021, my
15 Department began requesting that suppliers provide their methane reduction goals,
16 sustainability plans, and provide options for supplying RSG or RNG. Additionally, DESC
17 is participating in a DEI survey solicitation to interstate pipelines as well as producers and
18 their marketing affiliates regarding their sustainability efforts and potential RSG and RNG
19 supply options. DESC continues to monitor the marketplace for RSG and RNG
20 opportunities.

1 **Q. ARE THERE ANY QUALITY CONSIDERATIONS REGARDING RSG IF DESC**
2 **WERE TO START RECEIVING RSG INTO ITS SYSTEM?**

3 A. There are environmental quality benefits to RSG as noted by Witness Narbaitz.
4 These benefits are quantifiable to the Company and its customers. These benefits exist
5 even though RSG gas quality is identical to the natural gas that is currently delivered into
6 the DESC system. The difference is the measures RSG suppliers undertake to reduce the
7 emissions footprint in their natural gas extraction process. There is no differentiation as to
8 gas quality specifications between RSG and the natural gas currently delivered into the
9 Company's system.

10 **Q. HOW DOES THE COST OF RSG COMPARE TO THE CURRENT COST OF**
11 **TRADITIONALLY SOURCED NATURAL GAS?**

12 A. Based on the testimony from Witness Narbaitz, the current premium is in the range
13 of \$0.05 to \$0.20 per MMBtu. However, premiums will vary based on several factors,
14 including, but not limited to, the type of certification process utilized, the location of the
15 gas, the supplier, and other factors.

16 Premiums for producing environmentally differentiated gas does not directly
17 detract from the environmental benefits gained. Rather, such premiums can competitively
18 incentivize the marketplace to achieve emissions reductions, yielding a net-positive in the
19 effort to mitigate the industry's environmental impacts.

1 **Q. WHAT WOULD BE A REASONABLE ESTIMATED IMPACT TO DESC'S**
2 **PURCHASED GAS COST RATE COMPARED WITH AND WITHOUT**
3 **IMPORTING RSG INTO ITS SYSTEM?**

4 A. DESC is not currently in a position to make such a determination. DESC would
5 first need a better understanding of market pricing for RSG and the potential volume of
6 RSG to add to its fuel mix to best benefit its customers before it could make such a
7 determination.

8 **Q. WHAT WOULD BE THE TIME NEEDED FOR DESC TO BEGIN**
9 **TRANSPORTING RSG INTO ITS SYSTEM?**

10 A. DESC could begin sourcing RSG and adding it to the Company's supply portfolio
11 once a purchase contract or confirmation is executed with the supplier.

12 **Q. WHAT ARE THE OTHER CONSIDERATIONS RELATED TO RSG?**

13 A. As I mentioned, DESC expects that producing facilities will price RSG higher than
14 non-certified natural gas. With that in mind, DESC recognizes that RSG may not be the
15 overall least cost fuel option when compared to traditionally sourced natural gas. However,
16 RSG offers a comparatively low-cost method to achieve emissions reductions in the
17 Company's overall gas purchasing decisions. Moreover, emission reductions have value
18 that cannot be ignored. Incorporating RSG into DESC's gas supply portfolio will increase
19 the diversity of DESC's system supply of natural gas while offering emissions reductions
20 benefits to customers.

21 Also, DESC's purchase of RSG will provide a benefit to DESC's customers
22 because the use of RSG will allow those customers to better meet their Scope 3 GHG

1 emission reduction goals. The use of RSG will also provide DESC with a reduction of
2 upstream emissions, which, in turn, will help reduce the amount of GHG in the value chain.

3 **Q. WHY IS DESC A PROPONENT OF RSG?**

4 A. DESC sees great environmental and societal value in reducing GHG emissions in
5 natural gas sourcing. These reductions are an integral part in achieving the Net Zero plan.
6 Moreover, emission reductions benefit all DESC customers and the State at large.

7 Also, DESC is a member of the ONE Future Coalition. The ONE Future Coalition
8 is a group of 50 natural gas companies working together to voluntarily reduce methane
9 emissions across the natural gas value chain to 1% (or less) by 2025. DESC has
10 membership in the NextGenGas Coalition, which seeks to develop common understanding
11 of stringent certification standards that should be applicable in the industry.

12 These groups are committed to voluntarily reducing methane emissions of the
13 member companies. DESC's potential purchase of RSG provides an immediate path to
14 achieve methane reductions for natural gas. Additionally, DESC's potential purchase of
15 RSG will demonstrate to its customers, stakeholders, and investors that it continues to
16 move forward with its overall commitment of reducing carbon and methane emissions.

17 **Q. IS RSG THE ONLY MECHANISM TO REDUCE EMISSIONS IN NATURAL GAS**
18 **SOURCING?**

19 A. No, RNG also provides an alternative source to conventionally sourced natural gas.

20 **Q. CAN DESC ADD RNG TO ITS SYSTEM NOW ALONG WITH RSG?**

21 A. RNG is natural gas derived from differing types of organic waste material. RNG is
22 sourced from places like solid waste landfills, livestock farms, food production facilities,
23 and other facilities that generate biogas. The biogas becomes RNG once it has been cleaned

1 and conditioned to remove all non-methane elements. The waste material produces gas
2 through either a biomechanical process or through thermochemical means and is then
3 captured and processed for use in place of fossil-derived natural gas.

4 The availability currently depends on the source creating the RNG. Certain types
5 of RNG may requiring blending with conventional natural gas before it could be added to
6 DESC's system, for instance. The final RNG product once made compatible for
7 transportation methods would be interchangeable with conventional natural gas.

8 **Q: ARE THERE ANY OTHER OPPORTUNITIES TO GATHER MORE**
9 **INFORMATION REGARDING CUSTOMER DEMAND FOR RSG?**

10 A: Yes, DESC will continue to monitor the marketplace to evaluate whether
11 incorporating RSG into DESC's system would be reasonable and prudent and offer value
12 to our customers. DESC is also taking the same approach for RNG.

13 **Q. WHAT REQUEST DOES DESC MAKE OF THE COMMISSION IN THIS**
14 **DOCKET?**

15 A. The Company is not requesting that the Commission take any action in this docket.
16 The Company appreciates the opportunity to provide information on RSG and hopes the
17 information has been helpful to the Commission's understanding of RSG. The Company
18 looks forward to continued dialogue with the Commission on this beneficial fuel source.

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes.